

EXHIBIT B



MALCOLM BAKER

LIZ KIND

Wells Fargo Convertible Bonds

In April 2003, Howard Atkins, chief financial officer of Wells Fargo & Company (Wells Fargo or the company), was considering the issuance of a convertible debt security. Although the firm had tapped the capital markets for \$23 billion in 2002, this particular issue would be the first of its kind in the company's 151-year history. Atkins had just concluded a meeting with a group of investment bankers, including Kevin Woodruff and Scott Greenberg of Morgan Stanley. He now wondered if he should recommend the transaction to Wells Fargo's chief executive officer, Dick Kovacevich. (See Exhibit 1 for management biographies on Kovacevich and Atkins.)

Wells Fargo

Wells Fargo was headquartered in San Francisco, California, with \$349 billion in assets as of year-end 2002. Fiscal 2002 net interest income totaled \$14.9 billion and net income totaled \$5.4 billion. (See Exhibit 2, 3, and 4 for Wells Fargo's financial statements.) Wells Fargo provided a variety of financial services, including banking, insurance, mortgage banking, and consumer finance. Retail, corporate, and commercial banking services were provided through bank subsidiaries in 23 states.¹ Wells Fargo ranked fourth in assets and third in market capitalization among bank holding companies in the U.S.,² and was one of the largest lenders to small businesses in the country. The company had roughly 20 million customers, 5,000 branches, and 127,500 full-time equivalent employees.

Financing Strategy

As of early 2003, Wells Fargo's credit ratings were among the strongest of any financial services company. Its subsidiary, Wells Fargo Bank, was also one of the highest rated banks in the country. Customer deposits funded the bulk of Wells Fargo's assets; the remaining assets were funded by debt and other borrowings. On average, the company rolled over approximately \$30 billion in debt each year. (See Exhibit 5 for a breakdown on Wells Fargo's long-term debt.) The company's 2002 annual

¹ According to the company's annual report, the company's businesses broke down as follows: community banking (40%), investments and insurance (15%), home mortgage/home equity (13%), specialized lending (12%), wholesale banking (10%), consumer finance (6%), and commercial real estate (4%). Wells Fargo & Company Annual Report 2002, p. 30.

² Financial or bank holding companies were those that had controlling interests in one or more banks. As such, they were required to register with the Federal Reserve System under the Bank Holding Company Act of 1956.

report described its approach to capital management, "The objective of effective capital management is to produce above market long-term returns by opportunistically using capital when returns are perceived to be high and issuing/accumulating capital when such costs are perceived to be low."³ Atkins elaborated:

Given the fact that we are so large and prominent in the capital markets, we have the flexibility to be opportunistic. Although we watch the markets day in and day out, we are not actively issuing on a daily basis. Typically, we try to gain some sort of economic advantage by issuing debt instruments where demand is highest. Rather than having a predetermined notion and dictating exactly what we want to be issuing, we wait for the right opportunity.

The dealers at the investment banks act as our eyes and ears on the market. They contact us almost daily to keep us abreast of what's going on in the capital markets and where demand is strongest. Investor preferences change from one day to the next—sometimes it's one-year CD notes, other times it's ten-year subordinated notes, and other times it's convertible debt securities. Anything is on the table for us, but the starting point when we're talking to the dealers is, "Where is the demand?" My frame of reference is to determine when I am in a seller's market rather than a buyer's market.

We can afford to be opportunistic for several reasons. First, we have a huge core of deposits flowing through on a daily basis to fund the bank. Second, we issue in size when the demand is there. Third, we actively manage our positions in the derivatives market, which is much more liquid than the market for new issues. If the characteristics of what investors want don't happen to match what Wells Fargo needs, we still take advantage of market demand and do the issue, but then swap it through the derivatives market. For example, if investors are interested in ten-year fixed rate Wells Fargo subordinated notes and we don't want to be locked into ten-year fixed rate debt, we'll issue the debt anyway—that's where we're getting the economic advantage—but then we'll swap the ten-year debt back to a shorter maturity. That enables us to separate the liquidity decision from the currency and interest rate risk management decisions, while taking advantage of those sweet spots where demand for our paper is strongest.

As a bank and financial services holding company, Wells Fargo faced a number of funding constraints. The company and its subsidiary banks were subject to regulation by a number of agencies including the Federal Reserve Board, the Office of the Controller of the Currency and the Federal Deposit Insurance Corporation (FDIC). The agencies imposed quantitative measures—minimum ratios of capital to risk-weighted assets—to ensure capital adequacy. (See **Exhibit 6** for leverage ratios for Wells Fargo and its banking subsidiaries.) Atkins commented, "All banks have their own target capital ratios, guided by the regulatory agencies. There are minimum regulatory capital requirements, but like most banks, we want to be well capitalized, with capital ratios well above the minimums."

Wells Fargo also faced constraints with regard to the transfer of funds between the bank and the parent company. Atkins explained:

In most companies, funds can flow back and forth between subsidiaries. With banks and bank holding companies, they can't. The Fed's source-of-strength doctrine places limits on the amount of money subsidiary banks can send upstream to their holding companies. Bank holding companies are required to act as a source of financial and managerial strength to their subsidiary banks, and FDIC insured deposits cannot fund holding company assets. As a result,

³ Wells Fargo & Company Annual Report 2002, p.53.

the process of managing liquidity at the holding company level becomes really, really important. Capital ratios are assessed on a consolidated basis, but liquidity needs to be managed both on a consolidated basis and specifically in the holding company.

Finally, Wells Fargo needed to take rating agency concerns into account in managing its capital. The rating agencies frowned upon parent companies issuing debt and then advancing it to their operating entities in the form of equity.

Atkins elaborated on the kinds of securities Wells Fargo was interested in issuing:

With regard to maturity, we look at the whole asset/liability structure of the company's balance sheet. We're not a big issuer of commercial paper. Liquidity is so important in the holding company that we don't want to be in the position of having to roll over overnight and three-month commercial paper. It is actually no more expensive for us to issue two- or three-year debt and swap it back to three-month interest rate maturity. We are able to get the liquidity without incurring any additional costs because of our financial strength. In turn, it is our long-standing financial strength that has enabled us to become one of the highest rated banks in the country.

Wells Fargo issued a variety of debt securities, ranging from two- to three-year senior notes to 10- to 12-year senior or subordinated debt. The company's finance team considered virtually any type of instrument depending upon market supply and demand trends, with the knowledge that the instrument could be swapped, if needed. Atkins noted, "With regard to interest rate risk, we are relatively neutral. Typically, we really don't want to be taking a view on interest rates."

The Market for Convertible Securities

Historically, convertible securities had been issued by firms with less than investment-grade credit. Scott Greenberg, executive director at Morgan Stanley, elaborated:

In the past, the typical convertible issuer was a non-investment grade technology or telecom company who wasn't a traditional straight debt issuer. The issuer generally chose convertibles for one of three reasons. One possibility was that the firm wanted to issue equity, but didn't have a registration statement available, and could take advantage of a convertible exemption under Rule 144A.⁴ A second possibility was that the firm thought that the conversion option was likely to be exercised, making convertibles cheaper than equity. A third possibility was that the firm thought that the convertible would not be exercised, making convertibles cheaper than debt.

Investment grade companies usually found cheaper funds by taking bank loans or issuing corporate bonds. However, in 2002, the market for convertible securities began to change. The Nasdaq crash of 2000 had created financial pressure for traditional convertible bond issuers. At the same time, investors in convertible securities—hedge funds specializing in convertible arbitrage⁵, long-only convertible funds, and some equity income funds—grew dramatically. By 2002, convertible arbitrage funds, then the chief buyers of convertible securities, were the fastest growing segment of

⁴ The Securities and Exchange Commission (SEC) adopted Rule 144A to improve the liquidity and efficiency of the private placements market. The rule allows qualified institutional buyers to trade certain restricted securities among themselves. Such restricted securities were exempt from the registration requirements of the Securities Act of 1933.

⁵ A convertible arbitrage fund typically bought convertibles, hedging their long positions with short positions in the issuers' common stock.

the hedge fund industry, with about \$50 billion of net investments.⁶ (See Exhibit 7 for returns on convertible arbitrage.)

As a result of the decline in technology and telecom stocks, convertible bond investors found themselves heavily weighted in non-investment grade securities. Eager to diversify, interest in investment grade convertibles grew. New product structures—from zero coupon convertibles to mandatory convertibles—provided a spectrum of convertible instruments that began to attract a variety of issuers.

The U.S. convertible market grew from \$161 billion in 1998 to \$235 billion in 2002, with a peak of \$252 billion in 2001.⁷ Demand for convertible issues was strong, stock price volatility was high, and the bond market was thriving. By 2003, a wide variety of companies—growth firms, members of the S&P 500, and companies undergoing restructuring—had convertibles outstanding. In early 2003, a new category of “hyper” or high premium convertible debt emerged where the conversion price was significantly greater than that of the market price of the underlying stock. Several companies, including Affiliated Managers and Mandalay Resort Group launched high premium convertible debt issues during the first quarter of 2003. (See Exhibit 8 for selected deal terms.)

Structuring the Convertible Bonds

Atkins explained the background behind the idea for Wells Fargo to issue a convertible security:

Within the last four or five months, a number of investment banks approached us, pitching convertible debt. Each of the banks presented a slightly different form for the proposed transaction. I was intrigued and took some time to understand the quirky tax and accounting issues associated with convertibles. As the dealers called me to tell me investors were screaming for the deal, I did something I’m told is very unusual. I got three of the firms—Merrill Lynch, Morgan Stanley, and Goldman Sachs—in a room at the same time. I said, “Guess what. The three of you are sitting in this room with me and my people and we’re not leaving until we come up with the terms that would make the most sense for Wells Fargo.” After their jaws dropped, everyone became aligned and focused on creating the best deal for Wells Fargo. It took all afternoon and well into the evening, but we came up with a structure that we could all agree on.

As a result of the meeting, Atkins was considering issuing \$3 billion of 30-year floating rate convertible debt. Interest would be paid at an annual rate of LIBOR minus 25 basis points. Concerned that the probability of conversion be kept low, Atkins sought to structure the security with a very high conversion premium. The securities would become convertible into Wells Fargo common stock only if the stock price exceeded \$120 before May of 2008.⁸ To allow for such a high premium, the bankers opted for a “convertible plus warrants” structure. Once convertible, the bonds could be exchanged for 10 shares of Wells Fargo common stock, plus an additional number of shares that varied with the stock price. At the end of five years, if the stock price thresholds were not met, the debt would no longer be convertible. But, instead of giving investors the ability to put the bonds back

⁶ Andrew Barry, “HD Perfect Storm: Bond Market Maelstrom Could Swamp Wall Street,” *Barron’s*, August 4, 2003, p. 17.

⁷ Anand S. Iyer, Morgan Stanley Convertible Team, “*Convertible Securities Presentation: Introduction to the Convertible Market*,” p.4 as accessed at www.convertbond.com on July 5, 2005.

⁸ The conversion price on the bonds was \$100 and the trigger price for conversion was \$120. The higher threshold made these “contingent convertible” bonds.

to the company, the security would be remarketed and the coupon reset each year. In that way, the final maturity of the bonds would be thirty years later, in 2033. (See **Exhibit 9** for more detail on the terms of the proposed transaction.)

Tax Treatment

The IRS issued “contingent interest” regulations in 1996. Normally, companies would simply deduct the coupon payments on convertible bonds for tax purposes. But, provided the security had economically important contingency features, companies could take deductions at their long-term straight debt rate, even if the coupon they were paying was lower. In some cases, taxes could be deferred on the savings until the security matured. In Wells Fargo’s case, the proposed convertible would be treated as a contingent payment debt instrument, and investors would recognize taxable income in excess of the cash interest they received while the issue was still outstanding.

As of April 2003, three-month LIBOR was 1.3% and Wells Fargo management believed the company could raise long term, fixed rate debt at 5.8%. (The yield curve was steep at the time. See **Exhibit 10**.)

Accounting Treatment

Atkins was also concerned about the accounting treatment of the convertible bonds. As always, he wanted to ensure that the potential issue conformed with generally accepted accounting principals (GAAP). At the same time, he wanted to minimize the possibility of having the convertible bonds influence the share count, at least until the instrument was actually converted. Under GAAP, the issue would not change the fully diluted shares outstanding for Wells Fargo until the stock exceeded the trigger price of \$120. However, there was always some risk that the Financial Accounting Standards Board (FASB) or SEC could argue, after the security was issued, that the bonds should count toward diluted shares outstanding. Atkins commented, “We wanted to act very conservatively and, at the same time, reduce the potential for dilution risk. We proposed that if our stock price went up and investors wanted to convert, we could deliver cash instead of stock.” Similarly, if Wells Fargo stock increased beyond \$120 per share, and the underlying convertible shares became worth \$1,200, the company could reflect \$200 of dilution, rather than \$1,200.

Pricing

In contemplating the security, Atkins needed to balance what he thought of as a “tradeoff between theoretical dilution and interest expense.” The interest savings was easy to compute. Wells Fargo would normally pay LIBOR plus 20 basis points on vanilla, floating rate debt. The cost was harder to compute. The convertible carried the risk that the company’s stock price would increase from where it was currently trading—closing at roughly \$47.45 a share on April 25—to \$120 a share by 2008. (Trading in Wells Fargo options suggested this was an unlikely event. See **Exhibit 11** for options market data.⁹) Atkins noted:

While there was a risk that we could get very significantly diluted, we realized that if our stock price went from 50 bucks a share to 120 bucks a share within five years, people would be very happy about the appreciation in the stock. We realized we were probably prepared to

⁹ Measured with monthly returns, Wells Fargo’s volatility was around 30% over the previous five years and around 17% over the previous year. Also lowering the potential for stock price appreciation, Wells Fargo paid a dividend of \$0.30 per quarter.

risk dilution because the scenario in which the dilution would occur would be a scenario where a lot of people would be sitting on a very valuable stock.

Execution

Given the unique structure of the proposed convertible, Atkins and his investment banking team expected it would take a few weeks to draft the legal documents. Should they go ahead, the group planned to do the transaction as an “overnight deal.” When Atkins felt the market conditions were right, he would initiate execution by contacting the bankers at the end of the business day. At that point, the final terms would be set, and the investment bankers would assume the risk of placing the securities. The bankers would send a preliminary prospectus in a broadcast email to their network of institutional investors. Early the following morning, the bankers would have a conference call to explain the terms and answer questions, and before the markets opened, the deal would be priced.

Most convertible debt issues were in the \$100 million to \$500 million range. (See **Exhibit 12** for the rankings of convertible bond underwriters.) At \$3 billion, the investment bankers knew the Wells Fargo bonds might be difficult to place. Nonetheless, they recognized the significance of the deal. Greenberg noted, “We’ve done a lot of big deals, but this would be one of the most important ones we’ve ever done. In our business, if someone like Wells Fargo picks you to underwrite a deal, it’s a big feather in your cap. With the convertible security we are proposing, the technical innovations alone would make this transaction noteworthy.”

Decision

As Atkins headed home for the evening, he wrestled with his options. The proposed convertible could provide the company with a low cost source of funds, but there were risks. Atkins elaborated further on his concerns: “Theoretically, I could create the same risk/reward characteristics as the convertible by issuing plain vanilla debt and selling an option on our stock. When I thought about it that way, it didn’t really make me feel wonderful about doing the deal and I started asking myself, ‘Where’s the beef on this thing?’”

At the same time, Atkins was confident that his strategy to require the investment banking firms to work together had created an ideal structure for the potential convertible issue.

Exhibit 1 Management Biographies for Kovacevich and Atkins**Richard M. Kovacevich—Chairman and CEO**

Kovacevich joined Wells Fargo as president and CEO in November 1998, after the Wells Fargo-Norwest merger and was named chairman in April 2001. Kovacevich was named CEO of Norwest Corporation in 1993 and chairman in 1995, after serving as president and COO since 1989. He joined Norwest in March 1986, as vice chairman, COO, and head of the banking group. Prior to joining Norwest, he was group executive and member of the policy committee at Citicorp and a division manager at General Mills. Kovacevich served as a board member for numerous corporations—Cargill, Inc., Cisco Systems, Inc. and Target Corporation—and nonprofit and regulatory organizations, including the Federal Reserve's Federal Advisory Council, the California Business Roundtable, the San Francisco Symphony, and the San Francisco Museum of Modern Art. He graduated from Stanford University where he earned his MBA, and his bachelor's and master's degrees in industrial engineering.

Howard Atkins—Executive Vice President and Chief Financial Officer

Atkins was responsible for Wells Fargo's financial management functions, including controllers, financial reporting, tax management, asset-liability management, treasury, investor relations, and corporate properties. Before joining Wells Fargo in 2001, he was executive vice president and chief financial officer of New York Life Insurance Company, responsible for financial management and information technology. Prior to joining New York Life in 1996, Atkins was CFO at Midlantic Corporation, where he helped design and oversee Midlantic's financial restructuring. He also spent 17 years at Chase Manhattan Bank, where he rose to corporate treasurer. During his tenure at Chase, Atkins was responsible for asset liability management, capital planning, funding and investments, and interest rate insurance products. Atkins was a member of the American Banker CFO Advisory Board, the Financial Executives Institute, and the conference Board. He was a director of Ingram Micro and the Asian Art Museum in San Francisco. Atkins received a bachelor of science degree in mathematics from City College, New York, and a master's degree in economics from Ohio State University.

Exhibit 2 Wells Fargo & Company—Consolidated Statement of Income

| (in millions, except per share amounts) | Year Ended December 31, | | |
|--|-------------------------|----------|----------|
| | 2002 | 2001 | 2000 |
| INTEREST INCOME | | | |
| Securities available for sale | \$ 2,424 | \$ 2,544 | \$ 2,671 |
| Mortgages held for sale | 2,450 | 1,595 | 849 |
| Loans held for sale | 252 | 317 | 418 |
| Loans | 13,418 | 14,461 | 14,446 |
| Other interest income | 288 | 284 | 341 |
| Total interest income | 18,832 | 19,201 | 18,725 |
| INTEREST EXPENSE | | | |
| Deposits | 1,919 | 3,553 | 4,089 |
| Short-term borrowings | 536 | 1,273 | 1,758 |
| Long-term debt | 1,404 | 1,826 | 1,939 |
| Guaranteed preferred beneficial interests in Company's subordinated debentures | 118 | 89 | 74 |
| Total interest expense | 3,977 | 6,741 | 7,860 |
| NET INTEREST INCOME | 14,855 | 12,460 | 10,865 |
| Provision for loan losses | 1,733 | 1,780 | 1,329 |
| Net interest income after provision for loan losses | 13,122 | 10,680 | 9,536 |
| NONINTEREST INCOME | | | |
| Service charges on deposit accounts | 2,179 | 1,876 | 1,704 |
| Trust and investment fees | 1,781 | 1,710 | 1,624 |
| Credit card fees | 920 | 796 | 721 |
| Other fees | 1,384 | 1,244 | 1,113 |
| Mortgage banking | 1,713 | 1,671 | 1,444 |
| Insurance | 997 | 745 | 411 |
| Net gains (losses) on debt securities available for sale | 293 | 316 | (739) |
| Net (losses) gains from equity investments | (327) | (1,538) | 2,130 |
| Other | 701 | 870 | 435 |
| Total noninterest income | 9,641 | 7,690 | 8,843 |
| NONINTEREST EXPENSE | | | |
| Salaries | 4,383 | 4,027 | 3,652 |
| Incentive compensation | 1,706 | 1,195 | 846 |
| Employee benefits | 1,283 | 960 | 989 |
| Equipment | 1,014 | 909 | 948 |
| Net occupancy | 1,102 | 975 | 953 |
| Goodwill | -- | 610 | 530 |
| Core deposit intangibles | 155 | 165 | 186 |
| Net losses (gains) on dispositions of premises and equipment | 52 | (21) | (58) |
| Other | 4,214 | 4,071 | 3,784 |
| Total noninterest expense | 13,909 | 12,891 | 11,830 |
| INCOME BEFORE INCOME TAX EXPENSE AND EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE | 8,854 | 5,479 | 6,549 |
| Income tax expense | 3,144 | 2,056 | 2,523 |
| NET INCOME BEFORE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE | 5,710 | 3,423 | 4,026 |
| Cumulative effect of change in accounting principle | (276) | -- | -- |
| NET INCOME | \$5,434 | \$3,423 | \$4,026 |
| NET INCOME APPLICABLE TO COMMON STOCK | \$5,430 | \$3,409 | \$4,009 |
| EARNINGS PER COMMON SHARE | | | |
| Earnings per common share | \$ 3.19 | \$ 1.99 | \$ 2.36 |
| Diluted earnings per common share | \$ 3.16 | \$ 1.97 | \$ 2.33 |
| DIVIDENDS DECLARED PER COMMON SHARE | \$ 1.10 | \$ 1.00 | \$.90 |
| Average common shares outstanding | 1,701.1 | 1,709.5 | 1,699.5 |
| Diluted average common shares outstanding | 1,718.0 | 1,726.9 | 1,718.4 |

Source: Wells Fargo & Company Annual Report, 2002, p. 60.

Exhibit 3 Wells Fargo & Company—Consolidated Balance Sheet

| (in millions, except shares) | December 31, | |
|---|--------------|-----------|
| | 2002 | 2001 |
| ASSETS | | |
| Cash and due from banks | \$ 17,820 | \$ 16,968 |
| Federal funds sold and securities purchased under resale agreements | 3,174 | 2,530 |
| Securities available for sale | 27,947 | 40,308 |
| Mortgages held for sale | 51,154 | 30,405 |
| Loans held for sale | 6,665 | 4,745 |
| Loans | 196,634 | 172,499 |
| Allowance for loan losses | 3,862 | 3,761 |
| Net loans | 192,772 | 168,738 |
| Mortgage servicing rights | 4,489 | 6,241 |
| Premises and equipment, net | 3,688 | 3,549 |
| Core deposit intangibles | 868 | 1,013 |
| Goodwill | 9,753 | 9,527 |
| Other assets | 30,929 | 23,545 |
| Total assets | \$349,259 | \$307,569 |
| LIABILITIES | | |
| Noninterest-bearing deposits | \$ 74,094 | \$ 65,362 |
| Interest-bearing deposits | 142,822 | 121,904 |
| Total deposits | 216,916 | 187,266 |
| Short-term borrowings | 33,446 | 37,782 |
| Accrued expenses and other liabilities | 18,334 | 16,777 |
| Long-term debt | 47,320 | 36,095 |
| Guaranteed preferred beneficial interests in Company's subordinated debentures | 2,885 | 2,435 |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock | 251 | 218 |
| Unearned ESOP shares | (190) | (154) |
| Total preferred stock | 61 | 64 |
| Common stock- \$1 ² / ₃ par value, authorized 6,000,000,000 shares; issued 1,736,381,025 shares | 2,894 | 2,894 |
| Additional paid-in capital | 9,498 | 9,436 |
| Retained earnings | 19,394 | 16,005 |
| Cumulative other comprehensive income | 976 | 752 |
| Treasury stock—50,474,518 shares and 40,886,028 shares | (2,465) | (1,937) |
| Total stockholders' equity | 30,358 | 27,214 |
| Total liabilities and stockholders' equity | \$349,259 | \$307,569 |

Source: Wells Fargo & Company Annual Report 2002, p. 61.

Exhibit 4 Wells Fargo & Company—Consolidated Statement of Cash Flows

| (in millions) | Year Ended December 31, | | |
|--|-------------------------|-----------|----------|
| | 2002 | 2001 | 2000 |
| Cash flows from operating activities: | | | |
| Net income | \$ 5,434 | \$ 3,423 | \$ 4,026 |
| Adjustments to reconcile net income to net cash (used) provided by operating activities: | | | |
| Provision for loan losses | 1,733 | 1,780 | 1,329 |
| Depreciation and amortization | 3,495 | 2,961 | 1,790 |
| Net (gains) losses on securities available for sale | (198) | 726 | (1,133) |
| Net gains on mortgage loan origination/sales activities | (1,038) | (705) | (38) |
| Net (gains) losses on sales of loans | (19) | (35) | 134 |
| Net losses (gains) on dispositions of premises and equipment | 52 | (21) | (58) |
| Net gains on dispositions of operations | (10) | (122) | (23) |
| Release of preferred shares to ESOP | 206 | 159 | 128 |
| Net increase in trading assets | (3,859) | (1,219) | (1,087) |
| Net increase (decrease) in deferred income taxes | 305 | (589) | 873 |
| Net decrease (increase) in accrued interest receivable | 145 | 232 | (230) |
| Net (decrease) increase in accrued interest payable | (53) | (269) | 290 |
| Originations of mortgages held for sale | (286,100) | (179,475) | (62,095) |
| Proceeds from sales of mortgages held for sale | 265,028 | 157,884 | 62,873 |
| Principal collected on mortgages held for sale | 2,063 | 1,731 | 1,731 |
| Net increase in loans held for sale | (1,091) | (206) | (1,498) |
| Other assets, net | (2,000) | (956) | (3,791) |
| Other accrued expenses and liabilities, net | 1,929 | 5,082 | 4,149 |
| Net cash (used) provided by operating activities | (13,978) | (9,619) | 7,370 |
| Cash flows from investing activities: | | | |
| Securities available for sale: | | | |
| Proceeds from sales | 11,863 | 19,586 | 23,624 |
| Proceeds from prepayments and maturities | 9,684 | 6,730 | 6,247 |
| Purchases | (7,261) | (29,053) | (19,770) |
| Net cash (paid for) acquired from acquisitions | (588) | (459) | 469 |
| Net increase in banking subsidiaries' loans resulting from originations and collections | (17,745) | (11,596) | (36,076) |
| Proceeds from sales (including participations) of banking subsidiaries' loans | 948 | 2,305 | 11,898 |
| Purchases (including participations) of loans by banking subsidiaries | (2,818) | (1,104) | (409) |
| Principal collected on nonblank subsidiaries' loans | 11,396 | 9,964 | 8,305 |
| Nonbank subsidiaries' loans originated | (14,621) | (11,651) | (9,300) |
| Proceeds from dispositions of operations | 94 | 1,191 | 13 |
| Proceeds from sales of foreclosed assets | 473 | 279 | 255 |
| Net (increase) decrease in federal funds sold and securities purchased under resale agreements | (475) | (932) | 124 |
| Net increase in mortgage servicing rights | (1,259) | (3,405) | (1,460) |
| Other, net | (2,646) | (1,095) | 6,489 |
| Net cash used by investing activities | (12,955) | (19,240) | 22,569 |

| (in millions) | Year Ended December 31, | | |
|--|-------------------------|----------|----------|
| | 2002 | 2001 | 2000 |
| Cash flows from financing activities: | | | |
| Net increase in deposits | 25,050 | 17,707 | 20,745 |
| Net (decrease) increase in short-term borrowings | (5,224) | 8,793 | (3,511) |
| Proceeds from issuance of long-term debt | 21,711 | 14,658 | 15,544 |
| Repayment of long-term debt | (10,902) | (10,625) | (9,849) |
| Proceeds from issuance of guaranteed preferred beneficial interests in Company's subordinated debentures | 450 | 1,500 | -- |
| Proceeds from issuance of common stock | 578 | 484 | 422 |
| Redemption of preferred stock | -- | (200) | -- |
| Repurchase of common stock | (2,033) | (1,760) | (3,238) |
| Payment of cash dividends on preferred and common stock | (1,877) | (1,724) | (1,586) |
| Other, net | 32 | 16 | (468) |
| Net cash provided by financing activities | 27,785 | 28,849 | 18,059 |
| Net change in cash and due from banks | 852 | (10) | 2,860 |
| Cash and due from banks at beginning of year | 16,968 | 16,978 | 14,118 |
| Cash and due from banks at end of year | \$17,820 | \$16,968 | \$16,978 |
| Supplemental disclosures of cash flow information: | | | |
| Cash paid during the year for: | | | |
| Interest | \$ 3,924 | \$ 6,472 | \$ 8,150 |
| Income taxes | \$ 2,789 | \$ 2,552 | \$ 817 |
| Noncash investing and financing activities: | | | |
| Net transfers between mortgages held for sale and loans | \$ 439 | \$ 1,230 | \$ 129 |
| Net transfers between loans held for sale and loans | \$ 829 | \$ -- | \$ 1,388 |
| Transfers from loans to foreclosed assets | \$ 491 | \$ 325 | \$ 189 |

Source: Wells Fargo & Company Annual Report 2002, p. 63.

Exhibit 5 Wells Fargo Long-Term Debt Schedule

The following is a summary of long-term debt (reflecting unamortized debt discounts and premiums, where applicable) owed by the Parent and its subsidiaries:

| (in millions) | Maturity Date(s) | Interest Rate(s) | 2002 | 2001 |
|--|---------------------|---------------------|----------|----------|
| Wells Fargo & Company (Parent only) | | | | |
| Senior | | | | |
| Global Notes ^a | 2003–2007 | 3.75–7.25% | \$ 6,545 | \$ 4,996 |
| Global Notes | 2004 | Various | 2,000 | 1,250 |
| Medium-Term Notes ^a | 2003–2006 | 4.80–6.875% | 1,847 | 1,596 |
| Medium-Term Notes | 2003–2027 | 3.375–7.65% | 1,546 | 1,670 |
| Floating-Rate Medium-Term Notes | 2003–2005 | Various | 2,150 | 2,300 |
| Extendable Notes ^b | 2004 | Various | 2,998 | 1,497 |
| Equity Linked Notes ^{a,c} | 2008 | 2.778–2.836% | 79 | -- |
| Notes | 2004 | 6.00% | 1 | 1 |
| Total senior debt | | | 17,166 | 13,310 |
| Subordinated | | | | |
| Global Notes ^a | 2011–2014 | 5.00–6.375% | 1,588 | 748 |
| Global Notes | 2012 | 4.00–5.125% | 795 | -- |
| Notes ^a | 2003 | 6.625% | 200 | 200 |
| Debentures | 2023 | 6.65% | 198 | 198 |
| Total subordinated debt | | | 2,781 | 1,146 |
| Total long-term debt—Parent | | | 19,947 | 14,456 |
| WFC Holdings Corporation | | | | |
| Senior | | | | |
| Medium-Term Notes ^a | 2002 | 10.00% | -- | 2 |
| Medium-Term Notes | 2002 | 9.04–10.00% | -- | 2 |
| Total senior debt | | | -- | 4 |
| Subordinated | | | | |
| Medium-Term Notes ^{a,d} | 2013 | 6.50% | 25 | 50 |
| Medium-Term Notes | 2002 | 9.375% | -- | 30 |
| Notes | 2003 | 6.125–6.875% | 399 | 732 |
| Notes ^a | 2004–2006 | 6.875–9.125% | 933 | 933 |
| Notes ^{a,d} | 2008 | 6.25% | 199 | 199 |
| Total subordinated debt | | | 1,556 | 1,944 |
| Total long-term debt -WFC Holdings | | | 1,556 | 1,948 |
| Wells Fargo Financial, Inc. and its subsidiaries (WFFI)^e | | | | |
| Senior | | | | |
| Medium-Term Notes | 2003–2012 | 5.10–7.47% | 956 | 801 |
| Floating-Rate Notes | 2003–2005 | Various | 1,100 | 950 |
| Notes | 2003–2015 | 4.875–8.56% | 6,678 | 6,395 |
| Total long-term debt –WFFI | | | 8,734 | 8,146 |
| First Security Corporation and its subsidiaries (FSCO) | | | | |
| Senior | | | | |
| Medium-Term Notes | 2003 | 6.40% | 15 | 15 |
| Floating-Rate Euro Medium-Term Notes ^f | 2002 | Various | -- | 300 |
| Floating-Rate Euro Medium-Term Notes | 2003 | Various | 285 | 285 |
| Federal Home Loan Bank (FHLB) Notes and Advances ^g | 2003–2010 | 3.00–6.47% | 151 | 351 |
| Floating-Rate FHLB Advances ^g | 2003 | Various | 100 | -- |
| Notes | 2003–2006 | 5.875–6.875% | 474 | 473 |
| Other notes ^h | 2002–2007 | | -- | 3 |
| Total senior debt | | | 1,025 | 1,427 |
| Subordinated | | | | |
| Notes ^a | 2005–2006 | 7.00–7.31 % | 159 | 234 |

| (in millions) | Maturity Date(s) | Interest Rate(s) | 2002 | 2001 |
|---|------------------|----------------------------|----------|----------|
| Total subordinated debt | | | 159 | 234 |
| Total long-term debt—FSCO | | | 1,184 | 1,661 |
| Wells Fargo Bank, N.A. (WFB, N.A.) | | | | |
| Senior | | | | |
| Floating-Rate Bank Notes | 2003 | Various | \$ 4,005 | \$ 1,525 |
| Floating-Rate Notes ⁱ | 2007 | Various | 1,250 | -- |
| Notes payable by subsidiaries | 2003–2009 | 8.25–17.87% | 49 | 52 |
| Other notes | 2002–2007 | | -- | 3 |
| Obligations of subsidiaries under capital leases | | | 7 | 8 |
| Total senior debt | | | 5,311 | 1,588 |
| Subordinated | | | | |
| FixFloat Notes (callable 6/15/2005) ^a | 2010 | 7.8% through 2005, various | 997 | 997 |
| Notes ^a | 2010–2011 | 6.45–7.55% | 2,497 | 2,496 |
| Total subordinated debt | | | 3,494 | 3,493 |
| Total long-term debt –WFB,N.A. | | | 8,805 | 5,081 |
| Other consolidated subsidiaries | | | | |
| Senior | | | | |
| FHLB Notes and Advances ^g | 2003–2027 | 3.15–8.38% | 2,780 | 2,211 |
| Floating-Rate FHLB Advances ^g | 2003–2011 | Various | 4,065 | 2,334 |
| Other notes and debentures | 2003–2015 | 3.00–12.00% | 150 | 239 |
| Capital lease obligations | | | 14 | 19 |
| Total senior debt | | | 7,009 | 4,803 |
| Subordinated | | | | |
| Other notes and debentures ^j | 2005 | 7.55% | 85 | -- |
| Total subordinated debt | | | 85 | -- |
| Total long-term debt- other consolidated subsidiaries | | | 7,094 | 4,803 |
| Total consolidated long-term debt | | | \$47,320 | \$36,095 |

Source: Wells Fargo & Company Annual Report 2002, p. 80.

^aThe company entered into interest rate swap agreements for substantially all of these notes, whereby the company receives fixed-rate interest payments approximately equal to interest on the notes and makes interest payments based on an average three-month or six-month LIBOR rate.

^bThe extendable notes are a floating rate security with an initial maturity of 13 months, which can be extended on a rolling basis, at the investor's option to a final maturity of five years.

^cZero coupon notes linked to the S&P 500 and Nasdaq-100 indices.

^dThe interest rate swap agreement for these notes is callable by the counterparty prior to the maturity of the notes.

^eOn October 22, 2002, WFFI announced that it will no longer issue term debt securities and the Parent issued a full and unconditional guarantee of all outstanding debt of WFFI.

^fThe company entered into an interest rate swap agreement for these notes, whereby the company receives interest payments based on an average three-month LIBOR rate and makes fixed-rate interest payments ranging from 5.625% to 5.65%.

^gThe maturities of the FHLB advances are determined quarterly, based on the outstanding balance, the then current LIBOR rate, and the maximum life of the advance. Advances maturing within the next year are expected to be refinanced, extending the maturity of such borrowings beyond one year.

^hThe notes are tied to low-income housing funding.

ⁱCallable by either the company or the investor upon 30 days notice.

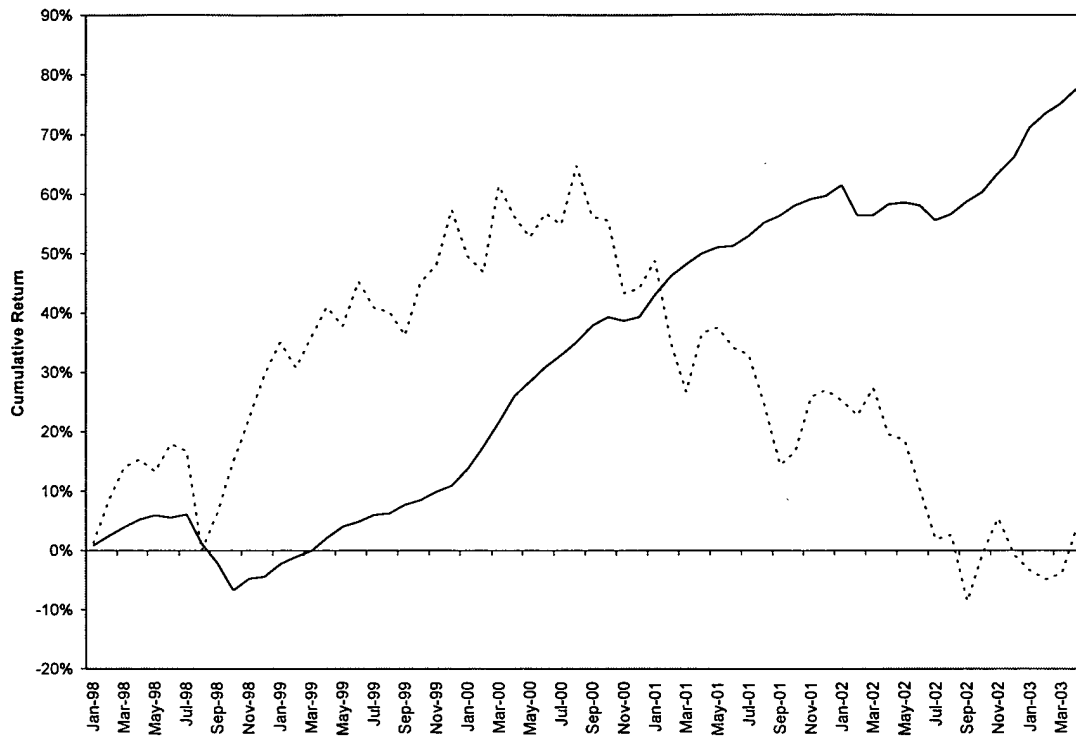
^jCallable by the company upon 30 days notice.

Exhibit 6 Wells Fargo Leverage Ratios Relative to Regulatory Requirements (in billions)

| | Actual | | For Capital Adequacy Purposes | | To Be Well Capitalized Under the FDICIA Prompt Corrective Action Provisions | |
|--|--------|--------|-------------------------------|---------------------|---|---------|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| As of December 31, 2002: | | | | | | |
| Total capital (to risk-weighted assets) | | | | | | |
| Wells Fargo & Company | \$32.0 | 11.31% | ≥\$22.6 | ≥8.00% | | |
| Wells Fargo Bank, N.A. | 17.9 | 11.42 | ≥ 12.5 | ≥8.00 | ≥\$15.7 | ≥10.00% |
| Wells Fargo Bank Minnesota, N.A. | 4.0 | 13.50 | ≥ 2.3 | ≥8.00 | ≥ 2.9 | ≥10.00 |
| Tier 1 capital (to risk-weighted assets) | | | | | | |
| Wells Fargo & Company | \$21.5 | 7.60% | ≥\$11.3 | ≥4.00% | | |
| Wells Fargo Bank, N.A. | 11.4 | 7.29 | ≥ 6.3 | ≥4.00 | ≥ \$9.4 | ≥ 6.00% |
| Wells Fargo Bank Minnesota, N.A. | 3.7 | 12.53 | ≥ 1.2 | ≥4.00 | ≥ 1.8 | ≥ 6.00 |
| Tier 1 capital (to average assets) (Leverage ratio) | | | | | | |
| Wells Fargo & Company | \$21.5 | 6.58% | ≥\$13.1 | ≥4.00% ^a | | |
| Wells Fargo Bank, N.A. | 11.4 | 6.84 | ≥ 6.7 | ≥4.00 ^a | ≥ \$8.4 | ≥ 5.00% |
| Wells Fargo Bank Minnesota, N.A. | 3.7 | 6.66 | ≥ 2.2 | ≥4.00 ^a | ≥ 2.8 | ≥ 5.00 |

^aThe leverage ratio consists of Tier 1 capital divided by quarterly average total assets, excluding goodwill and certain other items. The minimum leverage ratio guideline is 3% for banking organizations that do not anticipate significant growth and that have well-diversified risk, excellent asset quality, high liquidity, good earnings, effective management and monitoring of market risk and, in general, are considered top-rated, strong banking organizations.

Source: Wells Fargo Annual Report, 2002, p. 104.

Exhibit 7 Convertible arbitrage (solid) versus US equities (dashed) returns, 1998-April 2003

Source: Adapted from CSFB Tremont Convertible Arbitrage Index returns and the Center for Research on Security Prices.

Exhibit 8 Selected Convertible Securities

| Issue Date | Issuer | Proceeds Amount in this Market (\$ mil) | Type of Security | Description | Coupon (%) | Standard & Poor's Rating | Conversion Price | Conversion Shares per Bond | Share Price |
|------------|---------------------------|---|------------------|----------------------------------|------------|--------------------------|------------------|----------------------------|-------------|
| 01/16/2002 | Continental Airlines | 175 | Cvt Senior Debts | 4.500% Cvt Senior Debts due '07 | 4.5 | NR | 40.00 | 25.00 | 31.10 |
| 02/28/2002 | General Motors | 2,300 | Convertible Bds | 5.250% Convertible Bds due '32 | 5.25 | BBB+ | 64.90 | 15.41 | 52.98 |
| 02/28/2002 | General Motors | 1,000 | Convertible Bds | 4.500% Convertible Bds due '32 | 4.5 | BBB+ | 70.20 | 14.25 | 52.98 |
| 03/7/2002 | Merrill Lynch | 2,000 | Sr COCO LYONS | Sr COCO LYONS due '32 | Floats | AA- | 72.35 | 13.82 | 52.79 |
| 03/21/2002 | Travelers Property | 850 | Cvt Jr Sub Nts | 4.500% Cvt Jr Sub Nts due '32 | 4.5 | BBB | 23.13 | 43.23 | 18.50 |
| 05/01/2002 | Sonic Automotive | 130 | Cvt Subord Nts | 5.250% Cvt Subord Nts due '09 | 5.25 | B+ | 46.87 | 21.34 | 38.00 |
| 06/13/2002 | Agere Systems | 410 | Cvt Subord Nts | 6.500% Cvt Subord Nts due '09 | 6.5 | B | 3.31 | 302.34 | 2.45 |
| 07/01/2002 | Mirant | 370 | Cvt Senior Nts | 5.750% Cvt Senior Nts due '07 | 5.75 | BBB- | 7.58 | 131.93 | 7.30 |
| 10/16/2002 | PMA Capital | 75 | Cvt Senior Debts | Cvt Senior Debts due '22 | Floats | BBB- | 16.37 | 61.09 | 12.40 |
| 11/19/2002 | AMD | 350 | Cvt Senior Nts | 4.500% Cvt Senior Nts due '07 | 4.5 | CCC | 7.37 | 135.69 | 5.58 |
| 12/23/2002 | Interpool | 31.1 | CvtExchRdSubDeb | 9.250% Perpetual CvtExchRdSubDeb | 9.25 | NR | 25.00 | 40.00 | 17.32 |
| 01/07/2003 | Tyco International | 2,500 | Convertible Bds | 2.750% Convertible Bds due '18 | 2.75 | BBB- | 22.00 | 45.45 | 17.26 |
| 01/07/2003 | Tyco International | 1,250 | Convertible Bds | 3.125% Convertible Bds due '23 | 3.125 | BBB- | 21.00 | 47.62 | 17.26 |
| 02/19/2003 | Affiliated Managers Group | 250 | Convertible Bds | Zero Con Convertible Bds due '33 | Zero | BBB- | 81.00 | 12.35 | 44.09 |
| 03/17/2003 | Mandalay Resort Group | 350 | Convertible Bds | Convertible Bds due '33 | Floats | BB+ | 57.00 | 17.54 | 28.50 |
| 3/25/2003 | HCC Insurance Holdings | 125 | Cvt Senior Nts | 1.300% Cvt Senior Nts due '23 | 1.3 | A | 33.97 | 29.44 | 25.31 |
| 04/08/2003 | Walt Disney | 1,150 | Cvt Senior Nts | 2.125% Cvt Senior Nts due '23 | 2.125 | BBB+ | 29.46 | 33.94 | 17.13 |

Source: Adapted from SDC Platinum, a Thomson Financial product, accessed August 2005.

Exhibit 9 Selected Terms

| | |
|---|---|
| Debentures Offered | \$3,000,000,000 principal amount of floating rate convertible senior debentures due 2033. The principal amount of each debenture is \$1,000. |
| Maturity | 30 years (May 1, 2033) |
| Coupon | Interest paid at an annual rate equal to 3-month LIBOR minus 0.25%. Regular interest will be paid quarterly on February 1, May 1, August 1, and November 1 of each year until 2008. |
| Conversion Rights | Investors have the right to convert their debentures if the closing sale price of Wells Fargo common stock for at least 20 trading days in the last 30 consecutive trading days of any calendar quarter is more than 120% of the base conversion price (120% of \$100.00, or \$120.00). |
| Conversion Rate | <p>Before May 1, 2008, the "conversion rate" is: If the stock price is less than or equal to the base conversion price (\$100.00), the base conversion rate (10); or if the stock price is greater than the base conversion price, determined according to the following formula, not to exceed 21.0748:</p> $10 + [(Stock\ Price - 100) / Stock\ Price] \times 33.5$ <p>On May 1, 2008, the conversion rate will be fixed at the conversion rate determined as set forth above, assuming a conversion date that is eight trading days before May 1, 2008.</p> |
| Remarketing Reset Event | <p>A "remarketing reset event" occurs if the average of the closing prices of Wells Fargo common stock on the five trading days prior to May 1 of 2008, 2013, 2018, 2023, or 2028 is less than the base conversion price (\$100.00).</p> <p>If a remarketing reset event occurred: The debentures will no longer be convertible into common stock; Wells Fargo will no longer pay regular cash interest or contingent interest; The yield at which the principal amount of the debentures would accrete will be reset on such date and each May 1st thereafter until maturity to the reset yield determined on each on those dates, the "remarketing reset dates."</p> |
| Contingent Interest | Commencing with the interest period beginning May 1, 2008, Wells Fargo will pay "contingent interest" equal to a "payment factor" times the conversion rate, if a remarketing reset event has not occurred. The payment factor starts at \$0.44 on May 1, 2008 and rises \$0.02 every three quarters thereafter. |
| Redemption | Beginning on May 5, 2008, Wells Fargo may redeem the debentures for cash at any time, if a remarketing reset event has not occurred. |
| Reset Yield | The "reset yield" equals the yield necessary to enable the remarketing of the debentures at a price sufficient to provide net proceeds equal to the accreted principal amount. |
| Redemption of Debentures at Our Option | Before May 5, 2008, we may not redeem the debentures. Beginning on May 5, 2008, we may redeem the debentures for cash at any time as a whole, or from time to time in part. If a remarketing reset event occurs, we may no longer redeem the debentures. The redemption price of a debenture will be the accreted principal amount of such debenture on the redemption date, plus any accrued and unpaid interest, including contingent interest, to but excluding such date. |

Source: Adapted from Wells Fargo & Company prospectus.

Exhibit 10 Interest rates in percentage points, April 25, 2003.

| Maturity | Treasury Securities | Eurodollar Deposits | Interest Rate Swaps |
|-----------------|----------------------------|----------------------------|----------------------------|
| 1-month | 1.13 | 1.25 | |
| 3-month | 1.14 | 1.25 | |
| 6-month | 1.17 | 1.23 | |
| 1-year | 1.26 | | 1.32 |
| 2-year | 1.57 | | 1.79 |
| 3-year | 2.00 | | 2.35 |
| 5-year | 2.88 | | 3.20 |
| 7-year | 3.42 | | 3.74 |
| 10-year | 3.91 | | 4.25 |
| 20-year | 4.83 | | |
| 30-year | | | 5.07 |

Source: Federal Reserve Statistical Release, April 28, 2003.

Exhibit 11 Option prices on Wells Fargo stock, April 25, 2003.

| Type | Exercise Date | Exercise Price | Best Bid | Best Offer | Open Interest | Volume |
|------|---------------|----------------|----------|------------|---------------|--------|
| Put | 17-May-03 | 47.5 | 1.05 | 1.2 | 920 | 130 |
| Call | 17-May-03 | 47.5 | 0.7 | 0.85 | 3301 | 61 |
| Put | 17-May-03 | 42.5 | 0.1 | 0.2 | 1199 | 50 |
| Put | 17-May-03 | 50 | 2.95 | 3.1 | 105 | 10 |
| Call | 17-May-03 | 50 | 0.05 | 0.15 | 3517 | 1 |
| Put | 21-Jun-03 | 45 | 0.75 | 0.85 | 672 | 150 |
| Call | 21-Jun-03 | 50 | 0.35 | 0.4 | 4398 | 63 |
| Put | 21-Jun-03 | 42.5 | 0.3 | 0.45 | 189 | 10 |
| Call | 21-Jun-03 | 47.5 | 1.3 | 1.4 | 1185 | 5 |
| Put | 19-Jul-03 | 45 | 1.15 | 1.25 | 4823 | 2010 |
| Call | 19-Jul-03 | 45 | 3.3 | 3.5 | 2795 | 102 |
| Call | 19-Jul-03 | 50 | 0.7 | 0.75 | 11584 | 38 |
| Put | 19-Jul-03 | 40 | 0.3 | 0.4 | 1441 | 10 |
| Put | 19-Jul-03 | 47.5 | 2.05 | 2.1 | 2711 | 6 |
| Call | 19-Jul-03 | 47.5 | 1.75 | 1.8 | 6363 | 5 |
| Call | 19-Jul-03 | 42.5 | 5.3 | 5.4 | 299 | 2 |
| Call | 18-Oct-03 | 50 | 1.5 | 1.65 | 5708 | 61 |
| Call | 18-Oct-03 | 55 | 0.4 | 0.45 | 8703 | 30 |
| Put | 18-Oct-03 | 47.5 | 3.1 | 3.2 | 851 | 15 |
| Put | 18-Oct-03 | 55 | 8.3 | 8.5 | 20 | 10 |
| Call | 18-Oct-03 | 45 | 4.1 | 4.3 | 1313 | 2 |
| Put | 17-Jan-04 | 40 | 1.4 | 1.5 | 23783 | 1020 |
| Call | 17-Jan-04 | 50 | 2.15 | 2.25 | 20744 | 704 |
| Call | 17-Jan-04 | 45 | 4.6 | 4.8 | 2763 | 226 |
| Put | 17-Jan-04 | 45 | 2.85 | 2.9 | 4562 | 226 |
| Put | 17-Jan-04 | 35 | 0.65 | 0.8 | 10776 | 150 |
| Call | 17-Jan-04 | 55 | 0.75 | 0.9 | 8085 | 38 |
| Call | 17-Jan-04 | 40 | 8.3 | 8.5 | 3351 | 4 |
| Put | 17-Jan-04 | 20 | 0 | 0.1 | 2828 | 1 |
| Call | 22-Jan-05 | 50 | 4.1 | 4.2 | 7444 | 20 |
| Put | 22-Jan-05 | 30 | 1 | 1.25 | 647 | 1 |

Source: Adapted from Option Metrics.

Exhibit 12 Convertible Bonds, League Table Rankings, January through April 2003

| Underwriter | Number of Issues | Dollar Value (\$M) | Market Share (%) |
|----------------------------|------------------|--------------------|------------------|
| Citigroup | 57 | 17,219.6 | 18.6 |
| Merrill Lynch & Co. Inc. | 38 | 16,191.2 | 17.5 |
| Goldman Sachs & Co | 23 | 11,791.5 | 12.7 |
| Credit Suisse First Boston | 31 | 7,911.7 | 8.5 |
| JP Morgan | 24 | 7,013.8 | 7.6 |
| Morgan Stanley | 22 | 6,871.3 | 7.4 |
| Deutsche Bank AG | 14 | 4,708.8 | 5.1 |
| UBS | 20 | 4,272.7 | 4.6 |
| Banc of America Securities | 18 | 4,107.0 | 4.4 |
| Societe Generale | 12 | 2,987.9 | 3.2 |
| Lehman Brothers | 9 | 2,290.1 | 2.5 |
| BNP Paribas SA | 6 | 1,949.6 | 2.1 |
| Nomura | 8 | 1,073.8 | 1.2 |
| All Others | 28 | 3,404.3 | 3.5 |
| Total | 251 | 92,733.8 | 100 |

Note: Deal allocation was "full to book manager, full if joint books." The full amount of a transaction was given as credit to all book managers on the transaction. For example, if two underwriters were joint book managers on a \$100 million transaction, they would both receive \$100 million credit for the transaction.

Source: Adapted from Thomson Financial.